

Message Text

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SUBJECT: SHOW AND SELL: SOVIETS PUSH FOR INCREASED TRADE
WITH CANADA

REF: (A) OTTAWA 3619; (B) MOSCOW 6437

1. SUMMARY - ALTHOUGH SOVIETS PUBLICLY ARE URGING CANADIANS TO MOUNT A NATIONAL INDUSTRIAL EXHIBIT IN MOSCOW, CANADIAN COMMERCIAL OFFICE HERE HAS NOT BEEN APPROACHED ON SUBJECT. SEPTEMBER 22 TASS VESTNIK ARTICLE VIEWS EXHIBIT AS NECESSARY TO PROMOTE EXPANSION OF BILATERAL TRADE. HOWEVER, REPORT STRESSES THAT EXCHANGE CANNOT BE ONE-SIDED, CLAIMING THAT CANADIAN EXPORTS TO USSR IN RECENT YEARS HAVE GREATLY EXCEEDED IMPORTS OF SOVIET GOODS. CANADIAN COMMERICAL OFFICER (DENNIS BROWNE) POINTED OUT THAT, IN FACT, TRADE BALANCE IS IN FAVOR OF SOVIET SIDE IF LARGE GRAIN PURCHASES ARE EXCLUDED. BROWNE ADDED THAT PRESENT US-SOVIET NEGOTIATIONS ON LONG-TERM GRAIN AGREEMENT WILL PROBABLY "REMOVE THIS IRRITANT FROM CANADIAN-SOVIET TRADE RELATIONS." MEANWHILE SOVIET-CANADIAN COOPERATION IN VARIOUS SCIENTIFIC-TECHNICAL FIELDS CONTINUES, INCLUDING ONGOING VISIT TO USSR BY CANADIAN DELEGATION OF CONSTRUCTION SEPCIALISTS, HEADED BY CHARLES DRURY, MINISTER OF SOCIAL WORK AND STATE SECRETARY FOR SCIENCE AND TECHNOLOGY. END SUMMARY
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2. VESTNIK ARTICLE ENTITLED "SOVIET-CANADIAN COOPERATION" URGES CANADIANS TO HOLD NATIONAL INDUSTRIAL EXHIBIT IN MOSCOW TO TAKE ADVANTAGE OF "GREAT POTENTIAL" FOR INCREASED BILATERAL TRADE. REPORT SAYS SOVIET PLANS FOR "TECHNICAL RE-EQUIPPING OF ALL BRANCHES OF INDUSTRY AND AGRICULTURE CREATES PRE-CONDITIONS FOR EXPANDED IMPORTS OF EQUIPMENT," A LARGE PART OF WHICH COULD BE FROM CANADIAN SOURCES. IN ADDITION CANADIAN FIRMS COULD SHARE IN SUPPLY OF CONSUMER GOODS "TO DEGREE IMPORTS OF THESE GOODS ARE INCREASED." HOWEVER, EXCHANGE CANNOT BE ONE-SIDED, ARTICLE CONTINUES, AND SITUATION WHICH IN RECENT YEARS SAW SOVIET IMPORTS FROM CANADA EXCEEDING BY "SEVERAL TIMES" EXPORTS TO THAT COUNTRY NOW "HAS TO CHANGE."

3. SOVIETS OPTIMISTIC THAT CANADA'S "LARGE CAPACITY MARKET" WILL ABSORB INCREASING VOLUME SOVIET INDUSTRIAL PRODUCTS, SUCH AS METAL-WORKING MACHINES AND FOUNDRY EQUIPMENT. SALES OF SOVIET FARM TRACTORS ALREADY GIVEN "LONG-TERM CHARACTER" WITH FORMATION OF "BELARUS EQUIPMENT OF CANADA" WITH SERVICE STATIONS AND WAREHOUSES IN TORONTO AND MONTREAL. REPORT CLAIMS THAT SOVIETS HAVE WON CONTRACTS IN ELECTRO-ENERGY FIELD FOR DELIVERY TWO TURBINES FOR "MAIKA" PROJECT ON COLUMBIA RIVER AND FOR SIX HYDRO-PLANTS OF 28,000 KV EACH FOR SYSTEM PLANNED BY MANITOBA PROVINCE ENERGY ADMINISTRATION TO REGULATE LEVEL OF LAKE WINNIPEG. SOVIETS SEE GOOD LONG-TERM POSSIBILITIES FOR CANADIAN PURCHASES OF THEIR BULLDOZERS, EXCAVATORS, HYDROFOIL BOATS, AIRPLANES AND HELICOPTERS.

4. UNDER AUSPICES OF MIXED COMMISSION ON COOPERATION IN INDUSTRIAL APPLICATION OF SCIENCE AND TECHNOLOGY, CONSIDERATION NOW UNDERWAY FOR JOINT EFFORTS IN NATURAL RESOURCES DEVELOPMENT, PRODUCTION OF INDUSTRIAL GOODS FOR DELIVERY TO BOTH COUNTRIES, PLANNING AND CONSTRUCTION OF PLANTS IN THIRD COUNTRIES, DEVELOPMENT OF NEW TECHNOLOGICAL PROCESSES AND EQUIPMENT, AND EXCHANGE OF LICENSES. COOPERATIVE WORK IN NORTHERN REGION, PARTICULARLY UNDER PERMAFROST CONDITIONS, LIMITED OFFICIAL USE

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ESPECIALLY PROMISING. SOVIETS BELIEVE THEY CAN PROVIDE CANADIANS "REAL HELP" IN CONSTRUCTION GAS AND OIL PIPELINES FROM FAR NORTH TO SOUTHERN BORDER. IN THIS CONNECTION, SEPTEMBER 23 VESTNIK CARRIED ANNOUNCEMENT OF VISIT BY CANADIAN CONSTRUCTION SPECIALISTS DELEGATION, HEADED BY CHARLES DRURY, MINISTER SOCIAL WORK AND STATE SECRETARY SCIENCE AND TECHNOLOGY. DELEGATION IS IN USSR AT INVITATION SOVIET STATE COMMITTEE FOR

CONSTRUCTION AFFAIRS (GOSSTROY) AND PLANS VISIT FIVE CITIES SIBERIA AND FAR EAST AFTER MOSCOW STAY TO INVESTIGATE CONSTRUCTION PROBLEMS IN EXTREME COLD CONDITIONS.

5. COMMENT - ACCORDING DENNIS BROWNE, CANADIAN COMMERCIAL OFFICER, SOVIETS HAVE NOT DISCUSSED IDEA OF NATIONAL EXHIBIT WITH CANADIAN OFFICIALS HERE. BROWNE INFORMED EMBOFF THAT VESTNIK ARTICLE PROMPTED HIS OFFICE QUERY OTTAWA WITH REGARD THIS SUBJECT. BROWNE REMARKED THAT PENDING LONG-TERM SOVIET GRAIN PURCHASE AGREEMENT WITH US MIGHT MEAN LOSS OF THIS MARKET FOR CANADIAN WHEAT. HOWEVER, ACCORDING TO BROWNE, MINISTER DRURY SEEMED UNCONCERNED ABOUT POSSIBLE MARKET LOSS WHEN SUBJECT RAISED AT DINNER FOR THAT OFFICIAL.

WITH REGARD SOVIET SUGGESTION OF CANADIAN NATIONAL EXHIBIT EMBASSY WONDERS IF THIS MIGHT BE LINKED WITH INVITATION TO PM TURDEAU FOR MOSCOW VISIT WHICH DISCUSSED REFTEL A. SEPTEMBER 24 PRAVDA CARRIES GENERALLY OPTIMISTIC REPORT BY OTTAWA CORRESPONDENT N. BRAGIN ON SUBJECT SOVIET-CANADIAN TRADE, BUT TONE TEMPERED BY OBSERVATION THAT "IN SEVERAL ORGANS OF THE CANADIAN PRESS THERE APPEAR TENDENTIOUS, AND SOMETIMES EVEN SLANDEROUS ARTICLES AND COMMENTARIES, CREATED UNDER THE DICTATE OF ENEMIES OF SOVIET-CANADIAN COOPERATION." REPORT MENTIONS FORMATION IN AUGUST OF JOINT FIRM "SOV-CAN" FOR SALE SOVIET AIRCRAFT IN CANADA, JOINING SIMILAR FIRMS "BELARUS EQUIPMENT (TRACTORS), "STANKO-CANADA" (MACHINE TOOLS), AND "EMEK"(HYDROELECTRIC EQUIPMENT). VISIT OF FOREIGN MINISTER GROMYKO ON SEPTEMBER 25 CITED IN LIMITED OFFICIAL USE

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CONTEXT SOVIET-CANADIAN PRACTICE OF GOVERNMENT LEVEL VISITS: HOWEVER, NO MENTION MADE OF POSSIBLE TRUDEAU VISIT TO MOSCOW.
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